ESSAY ON MONEY.

1786

BRITISH MUSEUM

ESSAY

ON

MONEY,

AS A

MEDIUM

OF

COMMERCE;

WITH

REMARKS,

ON THE

Advantages and Diſadvantages of Paper admitted into general Circulation.

By a Citizen of the United States.

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FROM every channel of public intelligence we learn, that there is a diſpoſition in many of the legiſlatures of this country, to emit bills of credit by authority of government, and to make them in ſome meaſure at leaſt, or in ſome caſes, a legal tender for debts already contracted. This is a matter of great delicacy and danger. It has occaſioned a controverſial diſcuſſion of the ſubject in pamphlets and periodical publications. A few plauſible things, and but a few that deſerve that character, have been publiſhed in defence of the meaſure. Many ſhrewd and ſenſible things have been offered againſt it; but even theſe laſt have not been ſo connected and ſatisfying, as they might and ought to have been. Some of the pieces have been verboſe and declamatory, with many repetitions; others have been full of antitheſes, quaint ſayings, and witticiſms, which have no great tendency to convince or perſuade; and ſome have been mingled with the local and party politics of particular ſtates. Perhaps theſe different ways of writing may be very proper for ſeveral claſſes of readers, and have a good effect; but there are certainly others who would require a different treatment, becauſe their miſtakes are owing not to deceitful intentions, but to erroneous judgment. This has given me a ſtrong deſire to try what can be

done upon the ſubject by diſpaſſionate reaſoning. By this I mean, endeavouring to carry the matter back to its firſt principles, to explain them in ſo ſimple a manner, as that the unlearned may underſtand them; and then to deduce the practical conſequences with the general theory full in view.

It is impoſſible to reach my purpoſe, without ſaying many things which in a ſeparate and detached manner have been ſaid by others; but this muſt be forgiven me; becauſe I mean to lay the whole ſyſtem before the reader, and every part in its proper order and connection. Let us then begin by conſidering what gave riſe to money, and what is its nature and uſe? If there were but one man upon the earth, he would be obliged to prepare a hut for his habitation, to dig roots for his ſuſtenance, to provide ſkins or fig-leaves for his covering, *&c.* in ſhort, to do every thing for himſelf. If but one or two more were joined with him, it would ſoon be found that one of them would be more ſkilful in one ſort of work, and another in a different; ſo that common intereſt would direct them, each to apply his induſtry to what he could do beſt and ſooneſt; to communicate the ſurplus of what he needed himſelf of that ſort of work to the others, and receive of their ſurplus in return. This directly points out to us, that a barter of commodities, or communication of the fruits of induſtry, is the firſt principle, or rather indeed conſtitutes the eſſence, of commerce. As ſociety increaſes, the partition of employments is greatly diverſified; but ſtill the

the fruits of well directed induſtry, or the things neceſſary and uſeful in life, are what only can be called wealth.

In eſtabliſhing a mutual exchange of theſe, the firſt thing neceſſary is a ſtandard of computation, or common meaſure, by which to eſtimate the ſeveral commodities that may be offered to ſale, or may be deſired by purchaſers. Without this it is eaſy to ſee, that the barter of commodities is liable to very great difficulties, and very great errors. This ſtandard or common meaſure muſt be ſomething that is well known to both parties, and of general or common uſe. As the firſt eſſays in any thing are generally rude and imperfect; ſo I think it appears from the monuments of remote antiquity, that in the early ſtages of ſociety, cattle were the firſt things made uſe of as a ſtandard *. But it would ſoon appear that this was a moſt inaccurate meaſure; becauſe one ox might be as good as two, from ſize, fatneſs, or other circumſtances. Therefore in place of this ſucceeded meaſures both of dry and liquid, that is, corn, wine, and oil. The firſt of theſe was of all others the moſt proper ſtandard, becauſe univerſally neceſſary, and liable

* Servius Tullius, one of the Roman kings, is ſaid to have ſtamped ſome pieces with the figure of cattle; an ox, or a ſheep. This was as much as to ſay, this piece is of the valve of an ox or a ſheep. Hence it is ſaid the Roman word *pecunia*, comes from *pecus*, cattle. Others have thought it was from the uſe of leather for money, *quaſi pecundum corio*. But the firſt etymology ſeems to be the beſt. See a ſubſequent note.

liable to little variation. Men, upon an average, would probably eat nearly the ſame quantity in the moſt diſtant ages and countries. It ſeems to me, that this circumſtance of a ſtandard of computation being neceſſary in commerce, and the firſt thing neceſſary, has been in a great meaſure overlooked by moſt writers on money, or rather it has been confounded with the ſtandard value of the ſign, although eſſentially different from it; and the equivocal uſe of the terms has occaſioned great confuſion. I muſt however obſerve, not only that this muſt neceſſarily be taken in, but that if we confine ourſelves to a ſtandard of computation only, ſome known commodity, as meaſured grain, is better, and more intelligible and unalterable than any money whatever, that either has been or will be made. The great alteration in the value of gold and ſilver is known to every perſon who has but dipped into hiſtory; and indeed is known to many, even by memory, in this country, ſince its firſt ſettlement *.

But

* There are two eſtates near one of the colleges in Scotland, which were originally taxed an equal number of bolls of grain (a boll is about 6 buſhels) to that inſtitution. In very remote times, it pleaſed the proprietor of one of theſe eſtates, with conſent of the college, to convert the payment into money, according to the then current value, which was a groat or fourpence ſterling for a boll. At this preſent time, the one of theſe farms pays the ſame number of bolls, that the other does of groats; which is about thirty-two for one. There is alſo ſaid to be exiſting, an old leaſe of a burrow acre near a town

But after a ſtandard of computation had been agreed upon, in commerce even of the moſt moderate extent, ſomething farther would be abſolutely neceſſary. The actual and immediate barter of commodities could in few inſtances take place. A man might have the thing that I wanted to purchaſe, but he might not need or deſire what I was willing to give for it. Another might want what I had to ſpare, but not have what I wanted to purchaſe with it. Beſides, bulky or periſhable commodities could not be carried about at an uncertainty, or with ſafety. Therefore, it became very early neceſſary, that there ſhould be ſome ſign or ſigns agreed upon, which ſhould repreſent the abſent commodities, or rather ſhould repreſent the ſtandard of computation, in all its diviſions and multiplications. Theſe ſigns muſt be ſuch as could eaſily be carried about, and therefore could be readily applied to every kind of tranſactions, which were connected with the commutation of property.

Let us examine the nature and meaning of theſe ſigns more particularly. They are of the nature of a tally, that is to ſay, they are intended to mark and aſcertain a fact. Now the fact is, that the perſon who

town in Scotland, for which the tenant was to pay a boll of wheat, and a boll of barley, or if he did not bring the grain between Chriſtmaſs and Candlemaſs, the proprietor was not obliged to accept of it, but he muſt pay a ſum which is now 10-12ths of a penny ſterling for the boll of wheat, and 8-12ths for the boll of barley.

who can ſhew thoſe ſigns, having purchaſed them by his goods or induſtry, is entitled to receive from ſomebody, a certain value, or to a certain amount, which they ſpecify, of the ſtandard of computation. They have always a reference to the ſtandard of computation, and at laſt, by that known reference, the diſtinction between them and the ſtandard of computation is loſt, and they become a ſecondary ſtandard of computation themſelves. Thus a piece is intended at firſt to be of the value of a meaſure of grain; but at laſt men come to make their bargain by the number of pieces inſtead of the number of meaſures; uſing the ſign for the thing ſignified. Thus alſo, ſometimes at leaſt, an ideal meaſure, generated by the other two, comes to be the ſtandard of computation; as in England, the pound ſterling is the money unit, though there be no coin preciſely correſponding to it. This is ſufficient to explain the relation of the ſign to the ſtandard of computation, and at laſt, if I may ſpeak ſo, its conſolidation with it.

I HAVE ſaid above, that the perſon poſſeſſing the ſign is entitled to receive a certain value from *ſomebody*. The reaſon of this is, becauſe his debtor is not the ſame in every ſtate of things. If we conſider the ſign as given from one individual to another, it is of the nature of a promiſſory note, and is a confeſſion of having received ſo much property. Probably there were often ſuch ſigns or tokens given in the infancy of ſociety; and it would then ſignify, that if the ſeller were to come again, at a diſtance of time,

time, and find the buyer in poſſeſſion of ſuch goods as he wanted, he would be entitled to receive the amount of the ſign or token that had been given him. But the convenience of uſing ſigns is ſo great, that it would immediately occaſion their being made uſe of by general conſent, expreſs or implied; and at laſt, the matter would be taken under the direction of the ruling part of the community. In both caſes, but eſpecially in this laſt, the ſociety becomes bound to the perſon who receives the ſigns for his goods or induſtry, that they ſhall be to him of the value that they ſpecify. I will afterwards ſhow, that this was not the firſt but the laſt ſtep taken in the uſe of ſigns, and give the reaſons for it; but it is proper to mention it now, when we are conſidering the nature and uſe of ſigns in that ſingle view.

Let it be obſerved here, that as it was before ſaid, if we aim at no more than a ſtandard of computation ſome commodities are not only as good but better than any money, ſo if we confine ourſelves to a ſign only ſeparate from a ſtandard, many things that might be named are not only as good, but far better than either the ſtandard itſelf, or what we call money, becauſe they are much more eaſily reckoned, tranſported and concealed. This appears particularly from the ſtate of ſigns in modern times, after ſo much experience and improvement has taken place. For if we can guard ſufficiently againſt the dangers to which they are expoſed, ſigns inconceivably facilitate commerce. We can put any value we pleaſe

in

in an obligation written on a few inches of paper, and can ſend it over the world itſelf at very little expence, and conceal it ſo eaſily that there ſhall be no danger of its being taken from us.

But it muſt have appeared, and did ſpeedily appear, that all mere ſigns labour under an eſſential defect. They depend ultimately on the faith or credit of the perſons uſing or anſwerable for them. Now whether theſe be individuals or the multitude by general cuſtom and implied conſent, or even the ruling part of the ſociety, there is very great uncertainty. Therefore ſomething farther is neceſſary to make a a complete ſymbol or medium of general commerce, and that is, *a pledge* or ſtandard of value that may be a ſecurity or equivalent for the thing given for it, and at all times be ſufficient to purchaſe a like value of any thing that may be needed by him that holds it. An abſent commodity well known, or even an idea well underſtood, may be a ſtandard of computation and common meaſure; any thing almoſt whatever may be a ſign, though, ſince the art of writing has been known, paper is the beſt, but both are eſſentially defective; there is wanting a value in the ſign, that ſhall give not only a promiſe or obligation, but actual poſſeſſion of property for property.

The mentioning of theſe three diſtinct ends to be ſerved by the medium of commerce, and illuſtrating them ſeparately, was not to convey the idea that there were three ſteps of this kind taken at a diſtance of time from each other, or that men firſt continued long

long to deal in groſs barter; and after that invented ſigns, and were content with them for another period; and at laſt perfected the plan, by getting ſigns poſſeſſed of real value. On the contrary, it was to ſhew that any thing uſed as a medium of univerſal or general commerce, muſt be able to ſerve all the three forementioned purpoſes; and that if there is any production of nature or fabrication of art, that can unite the whole, at leaſt as far as they are capable of being united, this muſt be the great deſideratum. Now it has been found in experience, that the precious metals, eſpecially thoſe now called by that name, gold and ſilver, do anſwer all the three ends in a great degree. It cannot be denied that they have been uſed for this purpoſe in fact from the earlieſt times, and through every nation in the old world; and indeed alſo in the new, with ſuch exception only as will confirm the principles of the theory. If any man think that this has happened by accident, or through the whim or caprice of mankind, as one would ſuſpect from the language ſometimes uſed in ſpeech and writing, he is greatly miſtaken. No effect of whim or accident ever was ſo uniform or ſo laſting. The truth is, that theſe metals do poſſeſs in a degree ſuperior to every thing elſe, the qualities neceſſary for the purpoſes mentioned above.

THIS will appear to any impartial perſon who will conſider, with a view to the preceding principles, what qualities a medium of general commerce ought to poſſeſs. It ought, then, to be (1.) valuable;

(2.) rare; (3.) portable; (4.) diviſible; (5.) durable. Whoever will examine the matter with attention, muſt perceive that any one of theſe qualities being wholly or greatly wanting, the ſyſtem would be either entirely ruined or remarkably injured. Let us examine them ſeparately.

1. It muſt be *valuable;* that is to ſay, it muſt have an intrinſic worth in itſelf, in ſubſtance diſtinct from the form. By value or intrinſic worth here, muſt be underſtood preciſely the ſame thing that gives to every other commodity its commercial value. Do you aſk what that is? I anſwer, its being either neceſſary or remarkably uſeful for the purpoſes of life in a ſocial ſtate, or at leaſt ſuppoſed to be ſo; and therefore the object of human deſire. Without this it could be no more than a bare ſign; nor indeed ſo uſeful in this view as many other ſigns. But we want ſomething that muſt be not only a ſtandard of computation, but a ſtandard of value; and therefore capable of being a pledge and ſecurity to the holder, for the property that he has exchanged for it. It is likely ſome will ſay, What is the intrinſic value of gold and ſilver? They are not wealth; they are but the ſign or repreſentative of commodities. Superficial philoſophers, and even ſome men of good underſtanding, not attending to the nature of currency, have really ſaid ſo. What is gold, ſay ſome, the value is all in the fancy; you can neither eat nor wear it; it will neither feed, clothe, nor warm you. Gold, ſay others, as to intrinſic value, is not ſo good

as

as iron, which can be applied to many more uſeful purpoſes. Theſe perſons have not attended to the nature of commercial value, which is in a compound ratio of its uſe and ſcarceneſs. If iron were as rare as gold, it would probably be as valuable, perhaps more ſo. How many inſtances are there of things, which, though a certain proportion of them is not only valuable, but indiſpenſibly neceſſary to life itſelf; yet which, from their abundance, have no commercial value at all. Take for examples air and water. People do not bring theſe to market, becauſe they are in ſuperabundant plenty. But let any circumſtances take place that render them rare, and difficult to be obtained, and their value immediately riſes above all computation. What would one of thoſe who were ſtifled in the black hole at Calcutta have given to get but near a window for a little air? And what will the crew of a ſhip at ſea, whoſe water is nearly expended, give for a freſh ſupply?

Gold and ſilver have intrinſic value as metals, becauſe from their ductility, durability, and other qualities, they are exceedingly fit for domeſtic utenſils, and many purpoſes in life. This circumſtance was the foundation of their uſe as a medium of commerce, and was inſeparable from it. No clearer proof of this can be adduced, than that in the earlieſt times, even when uſed in commerce, they were weighed before they were divided into ſmaller pieces, and paſſed in tale. They muſt ſurely then have had intrinſic value; for their value was in proportion to their bulk or quantity.

quantity. This circumſtance as a ſign made them worſe, but as a valuable metal made them better. The ſame thing appears as clearly from the practice of modern times. Even when they are taken into the management of the rulers of ſociety, and ſtamped under various denominations, there muſt be an exact regard had to their commercial value. The ſtamp upon them is the *ſign*, the intrinſic worth of the metal is the *value*. It is now found, and admitted by every nation, that they muſt give to every piece that denomination and value in legal currency, that it bears in bullion; and if any do otherwiſe, there is neither authority nor force ſufficient to make it paſs *.

The author referred to in the note has given us quotations from three perſons of name in the literary world in ſupport of a contrary opinion. The firſt is Dr. Franklin, whom he makes to ſay, "Gold and ſilver are

* An author on this ſubject in a pamphlet lately publiſhed, ſays, "The value of the precious metals is however enhanced by their peculiar aptitude to perform the office of an univerſal money beyond any real inherent value they poſſeſs. This extrinſic value of gold and ſilver, which belongs to them under the modification of coin or bullion, is totally diſtinct from their inherent value as a commodity." I do not very well comprehend what this gentleman means by the extrinſic value of gold and ſilver. Perhaps it is the ſtamp or nominal value affixed to them by the ſtate; but whatever it is, I will venture to aſſure him, that their value as coin is ſo far from being totally diſtinct from, that it muſt be preciſely the ſame with, their value as a commodity.

are not intrinſically of equal value with iron; a metal of itſelf capable of many more beneficial uſes to mankind. Their value reſts chiefly on the eſtimation they *happen* to be in among the generality of nations, and the credit given to the opinion that eſtimation will continue; otherwiſe a pound of gold would not be a real equivalent for a buſhel of wheat." The ſecond is Anderſon on National Induſtry, who ſays, "Money, conſidered in itſelf, is of no value; but in many civilized nations, who have found how convenient it is for facilitating the barter or exchange of one commodity for another, it has received an artificial value; ſo that although uſeleſs in itſelf, it has come to be accepted among all civilized nations, as a token proving that the perſon who is poſſeſſed of it had given ſomething of real value in exchange for it, and is on that account accepted of by another in exchange for ſomething that is of real utility and intrinſic worth." The third is Sir James Stuart, who ſays, "By money, I underſtand any commodity which purely in itſelf is of no material uſe to man, but which acquires ſuch an eſtimation from his opinion of it, as to become the univerſal meaſure of what is called value, and an adequate equivalent for any thing alienable." The name of any man how great ſoever, will not have much weight with me, when I perceive that in any inſtance he has miſtaken his ſubject. This I believe has been the caſe with all the gentlemen juſt mentioned. There is a conſiderable confuſion in the ideas expreſſed by the laſt two; but the thing in which they

they all agree, and for which they are adduced by this author, is, that they ſeem to deny the intrinſic value of gold and ſilver, and to impute the eſtimation in which they are held, to accidental opinion. Now I muſt beg leave to obſerve, as to the compariſon of the intrinſic worth of gold and iron, if it were poſſible to determine whether, on ſuppoſition of iron and gold being in equal quantity, the one or the other would be the moſt valuable, it would not be worth a ſingle ſtraw in the preſent queſtion; for if iron were the moſt valuable, it would in that caſe be the money, and the gold would be but in the next degree. Accidental opinion has nothing to do with it. It ariſes from the nature of things. As to a pound of gold not being, as to intrinſic value, equivalent to a buſhel of wheat, it might with equal truth be affirmed, that to a man periſhing with hunger, a mountain of gold would not be equivalent to half a pound of bread. But is this any argument againſt the intrinſic commercial value of gold, as it has taken place ſince the beginning of the world.

As to the other two authors, they ſeem to ſay, that money is in itſelf of no value, and of no material uſe to man. If by *money* they mean gold and ſilver, the propoſition is directly falſe; becauſe they are both of material uſe for the purpoſes of ſocial life. But what has led them into this error has been their abſtracting the idea, and taking money in the ſingle light of a ſign, without conſidering it as a ſtandard. Then no doubt, even gold, while it continues in this form,

form, is of no other uſe than as a ſign of property. But how little is this to the purpoſe? for it is equally true of every other commodity. A nail, while it continues a nail, is of no other uſe but joining boards together, or ſome ſimilar purpoſe, and can neither be lock nor key; but a quantity of nails, or the iron which they contain, can be eaſily converted into either the one or the other. So a guinea, while it continues a guinea, is of no uſe whatever, but as an inſtrument of commerce; but the gold of which a guinea conſiſts, can eaſily be converted into a ring, or any thing which its quantity will reach. This is what is called, with perfect propriety, its *intrinſic value*.

2. That which is the medium of commerce muſt be *rare*. It will not be neceſſary to ſay much upon this, becauſe it has already received ſome illuſtration from what has gone before. It may however be obſerved, that the medium of commerce muſt not only be ſo rare, as to bring it within commercial value in ordinary caſes, but it muſt be much more rare than moſt other things, that its value may be increaſed, and a ſmall quantity of it may repreſent goods of conſiderable variety and bulk. If gold and ſilver were only twenty times as plentiful as they are at preſent, they would ſtill have a proper value, could be bought and ſold, and applied to many uſeful purpoſes, but they would be quite unfit for general circulation.

3. The circulating medium muſt be *portable*. It muſt be capable of being carried to a diſtance with little

little trouble or expence, and of paſſing from hand to hand with eaſe and expedition. This is one of the reaſons why it muſt be rare; but it deſerves mention alſo by itſelf, becauſe it is poſſible to conceive of things that may be both valuable and rare, and yet incapable of being carried about, and paſſing from one to another. Some precious drugs, and ſome curioſities, may be ſo rare as to have a high value, and yet may be quite improper for circulation.

4. The medium of commerce muſt be *diviſible*. It ought to be capable of diviſion into very ſmall quantities. This is neceſſary in order to anſwer the diviſion of many commodities, and the conveniency of perſons of different ranks. It is of ſuch importance, that in the calculations of a complex and diverſified commerce, we find diviſions and fractional parts even of the ſmalleſt coins or denominations of money, that have ever yet been brought into uſe.

5. Laſtly, The medium of commerce ought to be *durable*. It ought to have this quality on two accounts; firſt, that in perpetually paſſing from hand to hand, it may not be broken or waſted; and, ſecondly, that if it is preſerved or laid up, as may be ſometimes neceſſary, and often agreeable or profitable, it may not be liable to be ſpeedily corrupted or conſumed.

All theſe particulars are not of equal moment, and they have an intimate relation one to another; yet each of them is ſingly and ſeparately of importance, perhaps more than will be at firſt view apprehended.

I think

I think it is alſo plain, that there is nothing yet known to mankind, in which they are all ſo fully united, as they are in gold and ſilver; which is the true reaſon why theſe metals have been applied as the inſtruments of commerce, ſince the beginning of the world, or as far back as hiſtory enables us to penetrate *.

It will probably throw ſome light upon the above theory, if we take a brief view of the matter, as it has taken place in fact from the beginning of the world. This may be done now to the greater advantage, that the effects of particular cauſes, and the events that will take place in ſociety in particular circumſtances, have been ſo fully aſcertained by the experience of ages, and the progreſs of ſcience, that we

 are

* It has been ſuggeſted to me by a friend, that gold and ſilver poſſeſs another quality different from all the above, which, in an eminent degree, fits them for circulation as a medium, *viz.* that they are *equable*. The meaning of this expreſſion is, that the metal of each of theſe ſpecies, when pure, is of the ſame fineneſs and worth, and perfectly ſimilar, from whatever different mines, or from whatever diſtant parts it may have been procured; which, it is ſaid, is not the caſe with any other metal. It is affirmed, that the copper or lead that comes from one mine will be preferable to that which comes from another, even after this laſt has been refined to as high a degree as is poſſible; but that all gold and ſilver completely refined are perfectly alike, whether they come from Aſia, Africa, or America. I do not pretend to a certain knowledge of this; but if it be true, it is well worthy of being mentioned in this diſquiſition.

are able to make a better uſe of the few remains of ancient hiſtory, than could have been done by thoſe who lived nearer to the events which are recorded. It appears then, that the diſcovery and uſe of metals was one of the earlieſt attainments of mankind. This might naturally be expected if they were within reach at all, becauſe of their very great utility in all works of induſtry, and indeed for all the purpoſes of convenience and luxury. Therefore, I ſuppoſe this fact will not be doubted; but it is a truth neither ſo obvious nor ſo much known, that gold, ſilver, and braſs, or rather copper, were the moſt ancient metals, and all of them antecedent to iron *. Theſe metals being applied to all the purpoſes of life, came of courſe to conſtitute a great part of the wealth of the people of ancient times. I have mentioned braſs, becauſe it was one of the metals earlieſt known, and upon the very principles above laid down, was in the beginning made uſe of for money by many ancient nations. Its being now in a great meaſure left out is

* See upon this ſubject Preſident Goquet's Riſe and Progreſs of Laws, Arts and Sciences. He has not only ſufficiently proved the fact, but alſo aſſigned the moſt probable reaſon for it, that theſe metals were found in many places of the earth almoſt pure, ſo as to need very little art in refining; whereas extracting iron from the ore is neither ſo eaſy nor ſo obvious. We learn from Homer, that in the wars of Troy, the weapons of war, offenſive and defenſive, were of copper; and ſome hiſtorians tell us that they had a method of tempering or hardening it ſo as to make it tolerably fit for the purpoſe, though certainly not equal to iron or ſteel.

is an illuſtration and proof of what has been already ſaid. It is left out for no other reaſon than its having loſt one of the neceſſary qualities, *viz.* rarity. That it was made uſe of for money amongſt the Hebrews appears from many circumſtances. We read of gold, ſilver and braſs brought as contributions to the tabernacle ſervice in the time of Moſes, and to the building of the temple in David's. That braſs was made uſe of as money in the early times of the Greeks and Romans, appears both from the aſſertions of hiſtorians, and from the very languages of both nations, for there it is made uſe of to ſignify money in general †. That it ceaſed to ſerve that purpoſe afterwards cannot be accounted for in any other way than as above, eſpecially as the neglect of it has been juſt as univerſal as the uſe of it was formerly.

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† In the Roman language, *æs* ſignifies not only braſs, but money in general, and from it many other words are derived; as, *ærarium*, the treaſury; *æs alienum*, debt; *ære mutare*, to buy or ſell for money, *&c.* So in the Greek tongue, *chalkos* ſignifies braſs, *achalkos*, and *achalkein*, to be without money, or poor. When the other metals came to be in uſe as money, the words received the ſame meaning in the language, as, *Argenti ſitis*—*auri ſacra fames*, the deſire of money. Things proceeded in a way perfectly ſimilar in the three ancient nations of whom we have the diſtincteſt accounts, the Hebrews, Greeks, and Romans. *Nahus keſeph zahaw*, in Hebrew; *chalkos arguros* and *chruſos* in Greek; and *æs argentum* and *aurum*, in Latin, are all uſed for money in general.

We are alſo fully ſupported by hiſtory in affirming, that all theſe metals were at firſt eſtimated and paſſed in commerce by weight. We ſee that Abraham gave to Ephron for the cave of Machpelah, four hundred ſhekels of ſilver *. The Greek money was of different weights from the lower ſorts to the talent, which was the largeſt. The old Roman word *Pondo* was, as it were, the ſtandard, and the diviſions of it conſtituted their different denominations. From this we ſeem to have derived the Engliſh word pound. Very ſoon however they came to have either coins, or at leaſt ſmall pieces reckoned by number. Abimelech gave to Abraham, as Sarah's brother, one thouſand keſeph; and Joſeph was ſold for twenty keſeph, and he gave to his brother Benjamin three hundred keſeph. As the word keſeph ſignifies ſilver, they muſt have been reckoned by tale, and are probably very juſtly tranſlated pieces. Agreeably to all this, the time when the Romans began to coin braſs, and ſome hundred years afterwards ſilver and gold, is diſtinctly mentioned by the hiſtorians †.

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* See Geneſis xxiii. 16. And Abraham weighed to Ephron, the money that he had ſaid, in the preſence of the ſons of Heth, 400 ſhekels of ſilver, current money with the merchant.

† We have the expreſs teſtimony of Pliny upon this ſubject, lib. 33. cap. 3. "Servius rex primus ſignavit æs. Antea rudi uſos Romæ Timœus tradit. Signatum eſt nota pecudum unde et pecunia appellanta. Servius firſt coined braſs. Timœus ſays they uſed it formerly rough or uncoined at Rome. It was

It may be proper to obſerve here, that ſeveral antiquaries have mentioned that ſome barbarous nations made uſe of baſer metals, ſuch as lead, tin, iron, and even leather, ſhells, and bark of trees for money. This is no way contrary to the above theory, for ſome nations might indeed uſe lead, iron and tin as things of value, upon the ſame principles as others uſed gold, ſilver and braſs. I think it is ſaid, and indeed is more than probable, that the nails given by our voyagers to the inhabitants of the South-ſea iſlands, paſſed from hand to hand as inſtruments of commerce. As to leather, ſhells, &c. I ſuſpect ſome part of this is fabulous; but if it did take place in any meaſure, it has been a rude eſſay, uſing the ſign ſeparately from the ſtandard, and could not be of any great extent or long duration. We know indeed of one nation, after ſociety had been far advanced, that made uſe of iron, even when very plentiful, for money, *viz.* the Lacedemonians. But this was not at all from rudeneſs or ignorance; it was one of Lycurgus's extraordinary inſtitutions, who intended by it (and did not conceal his intention) to baniſh riches, or real and proper money from the ſtate. He indeed baniſhed induſtry at the ſame time, for none of his citizens were allowed even to be huſbandmen, or to cultivate their lands. This was left

was marked with the figure of cattle, whence alſo it was called *pecunia*." The ſame author tells us, that ſilver began to be coined at Rome in the 485 year of the city, and gold 72 years after.

left to the ſlaves. I do not find, therefore, that there is any thing in hiſtory deſerving credit, that militates againſt the theory above laid down.

HAVING thus laid down the theory of money, and ſupported it by hiſtory and experience, I proceed to draw a few inferences from it, and apply them to ſome opinions which have taken place, and ſome meaſures which have been adopted or propoſed with reſpect to currency and commerce in this country. In the firſt place, the above theory will enable every intelligent perſon to fix in his mind preciſely what is or ought to be the meaning of a *circulating medium*. This phraſe is in every body's mouth, and we meet with it continually in the eſſays publiſhed in the newspapers, and the ſpeeches of ſenators in public aſſemblies. We may ſay of this as controverſial divines uſed to ſay long ago, that a miſconſception of this is the *protone pſeudos*, the radical error. Not long ſince a writer in one of the papers ſaid it was agreed on all hands that there is at preſent a ſcarcity of a circulating medium. To this I anſwer, that it is not agreed upon on any hand, but among thoſe who are wholly ignorant of the meaning of the expreſſion. The circulating medium is not yours nor mine; it is not the riches of Holland, nor the poverty of Sweden. It is that indefinite quantity of the precious metals that is made uſe of among the nations connected in commerce. Whether any particular perſon, city, or nation, is rich or poor, has more or leſs comparatively of it, is nothing to the purpoſe. Eve-

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ry one will receive of the circulating medium that quantity which he is entitled to by his property or induſtry. It has been ſhown that rarity is one of the qualities of a circulating medium. If it were more rare than it is, a leſs quantity would be ſufficient to repreſent a ſtated meaſure of property. If it were more plentiful than it is, a greater quantity would be neceſſary; but the comparative riches or poverty of nations or perſons would be altogether the ſame.

Is any body ignorant that half a century ago in this country, a man might have bought a buſhel of wheat for one quarter of a dollar, for which now he muſt pay a whole dollar. Was not the quarter dollar then as good a circulating medium as the whole dollar is now? And was not the man juſt as rich who had it in his pocket? Undoubtedly. Nay, I muſt further ſay, it was a better circulating medium, becauſe it was of leſs ſize and weight. Has not the quantity of the precious metals increaſed greatly ſince the diſcovery of the mines of South-America? Is not the quantity now neceſſary for any conſiderable purchaſe ſo great as to be burdenſome in the tranſportation? The price of a good horſe in ſilver would at preſent be a great incumbrance on a long journey. How eaſy were it to point out places and countries in which there is a greater quantity of the circulating medium than any where elſe, and yet at the ſame time greater national and perſonal poverty, and probably for this very reaſon. What would it ſignify to a labourer in the mines of Peru if he ſhould get a half

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johannes, or even two, for a day's work, if at the ſame time he could hardly purchaſe with both as much proviſion as to keep body and ſoul together? Are not theſe things true? Are they not known to be ſo? What then muſt we ſay of the extreme ignorance and inattention, to ſay no worſe, of thoſe perſons who are continually telling us that there is a want of a circulating medium? Are not gold and ſilver a circulating medium, whoſe currency is univerſal? Are theſe then too ſcarce for that purpoſe, when there is hardly a Negroe ſlave, male or female, without ſilver buckles in their ſhoes, and many of them with rings and other ornaments of gold, which five hundred years ago would have denoted a Prince or Princeſs? Perhaps I have inſiſted longer on this than was neceſſary, but I have been induced to it by the frequent complaints upon this ſubject, and the abſurd application of the phraſe, a circulating medium. More reflexions will occur, connected with this ſubject, in the ſubſequent parts of my diſcourſe. In the mean time I will cloſe by ſaying to my reader, you and I may be poor men, the ſtate in which we live may be a poor ſtate, we may want property, rents, reſources and credit, but a circulating medium we want not.

2. From the principles above laid down it will appear, that money having as one of its eſſential qualities, an intrinſic, that is to ſay, a commercial value, it muſt be not only a ſign and ſtandard or a medium of commerce, but alſo itſelf a commodity, or a ſubject of commerce. There are many tranſac-

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tions reſpecting money in a trading nation, in which it is conſidered ſingly in this view. Theſe it is unneceſſary for me to enumerate, but even where it is applied directly or principally as a medium of alienation, its value as a ſtandard doth and muſt always follow and accommodate itſelf to its value as a commodity. Hence it follows neceſſarily that money muſt be ſubject to every rule that other commodities are ſubject to in buying and ſelling. One of the chief of theſe is, that it muſt riſe and fall in price according to the quantity that is brought to market, compared with the demand there is for it. This is an unavoidable conſequence, and as neceſſary in the caſe of money as in that of any commodity whatever. If a greater quantity of money than before is brought into any country, even though brought by the faireſt and moſt honourable means, *viz.* increaſing induſtry and profitable trade, it will have the effect of raiſing the price of other commodities in general, and of induſtry, which is the ſource of all commodities. But we muſt obſerve, that men are apt to view this in a wrong light. One commodity may riſe or fall by its own plenty or ſcarceneſs; but when there is a great and general riſe of prices, of all commodities, it would be at leaſt as proper, or rather much more ſo, to ſay that money had fallen than that goods had riſen.

We had ſo large experience of this during the war, by the exceſſive emiſſions of paper money, that it needs hardly any illuſtration. It is true, ſome per-

ſons did then and do now ſuppoſe, that the depreciation of the money was owing as much to the diſaffection of ſome inhabitants, and the counterfeiting, and other artful endeavours of our enemies to deſtroy it, as to the increaſed quantity. But in this they were quite miſtaken. Jealouſy or ſuſpicion of the money would have had very different effects from a gradual and continual riſe of prices. If I meet with a ſuſpicious piece of money I do not raiſe the price of my goods, but refuſe to ſell them. This was indeed the caſe with all thoſe who doubted the money of Congreſs in time of the war. Beſides it is plain, that the American cauſe was moſt doubtful, and its enemies moſt numerous in the years 1776 and 1777, and yet the currency of the money was then very general, and its depreciation ſlow; whereas in the three following years, when, in conſequence of the French treaty and other European alliances, the confidence of the public in the cauſe was increaſed, the depreciation was accelerated in an amazing degree. I muſt alſo here make a remark upon another opinion often expreſſed during the war, that the depreciation muſt have been owing to other cauſes than the quantity, becauſe it was greater than what they called the natural depreciation, in conſequence of the quantity. By this they meant, that it was not regular; but when the quantity had ariſen, ſuppoſe to five for one, the depreciation was as fifteen or twenty for one. Theſe perſons did not underſtand the depreciation of a commodity in conſequence of its quantity, for it

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is not regular and equable, as in arithmetical progreſſion, but rapid and increaſing, ſo as ſoon to get beyond all computation. If there is in any country but one tenth part more of any commodity than there is any demand for, the price will probably fall more than one half, and if there is double or treble the quantity needed, it will be what merchants call a drug, that cannot be ſold at all, but if it be a periſhable commodity, muſt ſink in the hand of the poſſeſſor.

I HAVE ſaid above that the increaſe of money, even though in conſequence of national proſperity, that is to ſay, internal induſtry and profitable trade, will yet neceſſarily have the effect of raiſing the price of induſtry, and its fruits. This, however, muſt evidently be in a far higher degree, and attended with much more pernicious effects, when it is thrown into circulation without induſtry; as when ſilver is found in capacious mines, or paper is iſſued by the authority of a ſtate, without meaſure and without end. I verily believe that if as many millions of ſilver dollars had fallen from heaven and been thrown into circulation as there were paper ones iſſued by the United States, the diſorder would have been as great or greater than it was. At leaſt it would have been ſo at firſt, the difference would have been, that ſilver being current over all, it would have ſoon gone abroad and found its level, ſo that the alteration would have been ultimately not in the United States, but in the general circulating medium over the whole earth.

earth. Thoſe however among whom it was firſt found, and who received it without induſtry, would have ſuffered moſt by it. Among them it would have produced lazineſs and luxury. Other nations would have drained it from them only by ſuperior induſtry. The ſtate of the Spaniſh monarchy at preſent ought to be, and indeed in a great meaſure has been, a leſſon to the whole world. At the time when they got poſſeſſion of South-America they were the moſt powerful and wealthy ſtate in Europe. Would any man at that time have been reckoned ſound in his judgment who ſhould have affirmed that they would grow poor by means of the gold and ſilver mines? Yet it has happened ſo, and now there is hardly any politician ſo ſhallow but he can aſſign the reaſon of it. They thought that gold and ſilver would at once procure them every thing without working; but forgot that the more they had of it they muſt pay ſo much the more to thoſe who were willing to work for them.

3. The above principles will clearly ſhew, that what is commonly called paper money, that is, bills bearing that the perſon holding them is entitled to receive a certain ſum ſpecified in them, is not properly ſpeaking money at all. It is barely a ſign without being a pledge or ſtandard of value, and therefore is eſſentially defective as a medium of univerſal commerce. I will afterwards ſpeak of the different kinds of it, and point out their real and proper uſes; but in the mean time I obſerve, that to arm ſuch bills

bills with the authority of the ſtate, and make them a legal tender in all payments, is an abſurdity ſo great that is not eaſy to ſpeak with propriety upon it. Perhaps it would give offence if I ſhould ſay, it is an abſurdity reſerved for American legiſlatures; no ſuch thing having ever been attempted in the old countries. It has been found, by the experience of ages, that money muſt have a ſtandard of value, and if any prince or ſtate debaſe the metal below the ſtandard, it is utterly impoſſible to make it ſucceed. How then can it be poſſible to make that ſucceed which has no value at all? In all ſuch inſtances there may be great injuries done to particular perſons by wiping off debts; but to give ſuch money general currency is wholly impoſſible. The meaſure carries abſurdity in its very face. Why will you make a law to oblige men to take money when it is offered them? Are there any who refuſe it when it is good? If it is neceſſary to force them, does not this demonſtrate that it is not good? We have ſeen indeed this ſyſtem produce a moſt ludicrous inverſion of the nature of things. For two or three years we conſtantly ſaw and were informed of creditors running away from their debtors, and the debtors purſuing them in triumph, and paying them without mercy.

Let us examine this matter a little more fully. Money is the medium of commercial tranſactions. Money is itſelf a commodity. Therefore every tranſaction in which money is concerned, by being given or promiſed, is ſtrictly and properly ſpeaking a bargain,

bargain, or as it is well called in common language, an agreement. To give, therefore, authority or nominal value by law to any money, is interpoſing by law in commerce, and is preciſely the ſame thing with laws regulating the prices of commodities, of which, in their full extent, we had ſufficient experience during the war. Now nothing can be more radically unjuſt, or more eminently abſurd, than laws of that nature. Among all civilians, the tranſactions of commerce are ranged under the head of contracts. Without entering into the nicer diſtinctions of writers upon this ſubject, it is ſufficient for me to ſay, that commerce, or buying and ſelling, is founded upon that ſpecies of contracts that is moſt formal and complete. They are called in the technical language, *Onerous contracts*, where the proper and juſt value is ſuppoſed to be given or promiſed on both ſides. That is to ſay, the perſon who offers any thing to ſale, does it becauſe he has it to ſpare, and he thinks it would be better for him to have the money, or ſome other commodity, than what he parts with; and he who buys, in like manner, thinks it would be better for him to receive the commodity, than to retain the money. There may be miſtakes or fraud in many tranſactions; but theſe do not affect the argument in the leaſt. A fair and juſt value is always ſuppoſed or profeſſed to be given on both ſides.

Well! is it agreed that all commerce is founded on a complete contract? Let then any perſon who will,

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open as many books as he pleaſes written upon the ſubject, and tell me whether he does not always find there that one of the eſſential conditions of a lawful contract, and indeed the firſt of them, is, that it be *free* and *mutual*. Without this it may be ſomething elſe, and have ſome other binding force, but it is not a contract. To make laws therefore, regulating the prices of commodities, or giving nominal value to that which had no value before the law was made, is altering the nature of the tranſaction altogether. Perhaps a compariſon of this with other tranſactions of a different kind might ſet this matter in a clear light. Suppoſe a man were to ſay to one of our lawgivers upon this ſubject as follows: When you make a law laying on a tax, and telling me I muſt pay ſo much to the public and common expences of the ſtate, I underſtand this very well. It falls under the head of *authority*. You may lay on an improper or injudicious tax that will operate unequally, or not be productive of what you expect; but ſtill this is within your line, and if I have any complaint, I can only wiſh that at the next election we may get wiſer men. Again, a Juſtice of Peace in time of war may give a preſs-warrant, and take my horſes and waggons to tranſport proviſions or baggage for an army. I underſtand this alſo; writers and reaſoners tell me that it falls under the head of what they call the *rights of neceſſity*. The meaning of this is, that no civil conſtitution can be ſo perfect but that ſome caſes will occur, in which the property

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of individuals muſt give way to the urgent call of common utility or general danger. Thus we know, that in cities, in caſe of a fire, ſometimes a houſe, without the conſent of its owner, will be deſtroyed to prevent the whole from being conſumed. But if you make a law that I ſhall be obliged to *ſell* my grain, my cattle, or any commodity, at a certain price, you not only do what is unjuſt and impolitic, but with all reſpect be it ſaid, you ſpeak nonſenſe; for I do not *ſell* them at all; you take them from me. You are both buyer and ſeller, and I am the ſufferer only.

I CANNOT help obſerving, that laws of this kind have an inherent weakneſs in them; they are not only unjuſt and unwiſe, but for the moſt part impracticable. They are an attempt to apply authority to that which is not its proper object, and to extend it beyond its natural bounds; in both which we ſhall be ſure to fail. The production of commodities muſt be the effect of induſtry, inclination, hope, and intereſt. The firſt of theſe is very imperfectly reached by authority, and the other three cannot be reached by it at all. Perhaps I ought rather to have ſaid, that they cannot be directed by it, but they may be greatly counteracted; as people have naturally a ſtrong diſpoſition to reſiſt force, and to eſcape from conſtraint. Accordingly we found in this country, and every other ſociety who ever tried ſuch meaſures found, that they produced an effect directly contrary to what was expected from them. Inſtead of producing

ducing moderation and plenty, they uniformly produced dearneſs and ſcarcity. It is worth while to obſerve, that ſome of our legiſlatures ſaw ſo far into theſe matters as to perceive that they could not regulate the price of commodities without regulating the price of the induſtry that produced them. Therefore they regulated the price of day-labourers. This however, though but one ſpecies of induſtry, was found to be wholly out of their power.

THERE were ſome inſtances mentioned at the time when theſe meaſures were in vogue, which ſuperficial reaſoners ſuppoſed to be examples of regulating laws attended with good effects. Theſe were the regulation of the prices of chairs, hackney coaches, and ticket porters in cities, public ferries, and ſome others. But this was quite miſtaking the nature of the thing. Theſe inſtances have not the leaſt connexion with laws regulating prices in voluntary commerce. In all theſe caſes the perſons who are employed ſolicit the privilege, obtain a licence, and come under voluntary engagements to aſk no higher prices; ſo that there is as complete a free contract as in buying and ſelling in open ſhops. I am ſo fully convinced of the truth and juſtice of the above principles, that I think, were it proper at this time, I could ſhew, that even in the moſt enlightened nations of Europe there are ſtill ſome laws ſubſiſting which work in direct oppoſition to the intention of their makers. Of this kind in general are the laws againſt foreſtalling and regrating. They are now indeed moſt of them aſleep, and

what the lawyers call in deſuetude; but ſo far as they are executed, they have the moſt powerful tendency to prevent, inſtead of promoting, full and reaſonable markets. As an example of our own ſkill in that branch, a law was paſt in Pennſylvania in time of the war preciſely upon that principle. It ordained that in all imported articles there ſhould be but one ſtep between the importer and conſumer, and therefore that none but thoſe who bought from the ſhip ſhould be allowed to ſell again. I cite this inſtance by memory, but am certain that ſuch was the ſpirit of the law. The makers of it conſidered that every hand through which a commodity paſſed muſt have a profit upon it, which would therefore greatly augment the coſt to the conſumer at laſt. But could any thing in the world be more abſurd? How could a family at one hundred miles diſtance from the ſeaport be ſupplied with what they wanted? In oppoſition to this principle it may be ſafely affirmed, that the more merchants the cheaper goods, and that no carriage is ſo cheap, nor any diſtribution ſo equal or ſo plentiful as that which is made by thoſe who have an intereſt in it, and expect a profit from it.

I HAVE gone into this detail in order to ſhow that tender laws, arming paper, or any thing not valuable in itſelf with authority, are directly contrary to the very firſt principles of commerce. This was certainly the more neceſſary, becauſe many of the advocates for ſuch laws, and many of thoſe who are inſtrumental in enacting them, do it from pure ignorance, without

without any bad intention. It may probably have ſome effect in opening their eyes to obſerve, that no paper whatever is a tender in any nation in Europe. Even the notes of the bank of England, which are as good as gold, and thoſe of the bank of Holland, which are conſiderably better *, are not armed with any ſuch ſanction, and are not a legal tender in the proper ſenſe of that word. That is to ſay, though I ſuppoſe both of them, or any other paper circulating in full credit may be a tender in equity, ſo far as that the perſon offering them without ſuſpicion of their being refuſed, could not be condemned in any penalty or forfeiture; yet if the perſon who was to receive the money ſhould ſay, I am going abroad, I want gold or ſilver; it would lie upon the debtor and not the creditor to go and get them exchanged. We may perhaps even ſay more, *viz.* that the coinage of gold and ſilver in any country is not ſo much, if at all, to oblige perſons to receive it at a certain value,

* Perhaps it may be proper to inform ſome readers what this expreſſion refers to. It refers to the agio of the bank of Holland. A bill of that bank generally goes for a little more in payment with any dealer than the ſum it ſpecifies, and this advance or difference is called the Agio of the Bank, and riſes or falls like the rate of exchange. This probably ariſes from its perfect ſecurity, and the very great advantage in point of eaſe and expedition, in transferirng, reckoning, and concealing of paper above gold and ſilver. It gives occaſion to the vulgar ſaying in that country, That money goes into the bank but never comes out.

value, as to aſcertain them that it is of the value ſtampt upon it. Without this ignorant perſons would be continually at a loſs to know the fineneſs and the weight of pieces offered to them. This will appear from the two following remarks. (1.) If by any accident in the coinage, or fraud in the officers of the mint, ſome of the pieces had not the full quantity, or were not of ſufficient fineneſs, though the ſtamp were ever ſo genuine, if I could diſcover the defect, I ſhould be juſtified in refuſing it. (2.) There is ſometimes a fluctuation in the comparative value of gold and ſilver, and in theſe caſes, though no doubt a debtor, till the error that has crept in be rectified by authority, has a right to pay in any lawful money; yet if I were ſelling goods, and gold had fallen in its value, I might ſafely ſay to the cuſtomer, in what coin are you to pay me? I will give you a yard of this ſilk for twenty-one ſterling ſilver ſhillings, but if you give me a guinea I muſt have another ſhilling before I will part with it. The whole of this ſerves to ſhow that nothing ſhort of real money, which is of ſtandard value, ought to be enforced by law in a well regulated ſociety.

4. The principles above laid down will enable us to perceive clearly what is the nature of paper circulating as a medium of commerce, what is its real and proper uſe, and what are its dangers and defects. As to its nature, it is a ſign but not a ſtandard. It is properly an obligation, or to uſe a modern commercial phraſe, it is a promiſſory note. It is not money,

money, as has been ſhewn above, but it is a promiſe of ſome perſon or body of men to pay money either on demand or at a particular time, or ſome general undefined future time. Obligations of this nature are of more ſorts than one. Sometimes they are given by particular perſons, or trading companies, who are conſidered as perſons; and frequently in America they have been given by the legiſlature of the ſtate. In the general definition I have included all kinds of negotiable paper, but it will not be neceſſary to inſiſt upon more than two of them, *viz.* the notes of banking companies, and ſtate emiſſions. Bills of exchange are not ſuppoſed to paſs through many hands, but to proceed as ſpeedily as may be to the place of their payment. Government ſecurities are only bought and ſold like other property, and ſo any bonds or other private obligations may be transferred as often as people are willing to receive them; but the notes of banking companies, and the ſtate emiſſions of this country are intended to be, properly ſpeaking, a circulating medium. They are of various regular denominations, and intended to anſwer all the purpoſes of money in the ſmaller tranſactions of ſociety as well as the larger, and even to go to market for purchaſing the neceſſaries of life.

As to value, ſuch obligations muſt plainly depend upon the credit of the ſubſcriber or obligor, and the opinion or expectation of the receiver. Theſe are mutually neceſſary to their uſe in commerce. Let the reſources or wealth of the ſubſcriber be what they

they may, it is the public opinion that muſt ultimately give them currency. This opinion however may be in ſome inſtances better, and in ſome worſe founded. That paper which may with moſt certainty and expedition be converted into gold and ſilver, ſeems evidently to have the advantage on this account. Therefore the notes of banking companies, while they maintain their credit, and continue to pay on demand, appear to be the beſt calculated for general uſe. They ſeem alſo to have another advantage, that private perſons and companies are upon a footing with the holder of the bills. He can arreſt them, and bring them to account, and have juſtice done upon them; whereas he cannot call the legiſlature to account, but muſt wholly depend upon their fidelity as well as reſources. Yet it muſt be owned there have not been wanting inſtances formerly in this country, in which paper emiſſions by the ſtates have obtained full confidence, and met with no impediment in circulation.

Let us now conſider what is the proper uſe of paper currency, or whether it be of any real uſe at all. Many perſons in Europe have declared againſt it altogether as pernicious. I will endeavour to ſtate this matter with all the clearneſs I am capable of, and to give the reaſons for what I ſhall advance. We have ſeen above that nothing can be more abſurd than to ſay that we now want a circulating medium, and that paper is neceſſary for that purpoſe. A circulating medium we have already, not in too ſmall,

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but in too great quantity; ſo that any perſon who underſtands the ſubject may perceive that gold and ſilver, eſpecially the laſt, is loſing at leaſt one of the qualities neceſſary for that purpoſe, and becoming too bulky and heavy for eaſy and convenient tranſportation. Braſs, as has been ſhown above, was once as juſt and proper a medium of commerce as gold and ſilver are now. It has all the qualities neceſſary for that purpoſe ſtill, except rarity; ſo that if it were not too plentiful and too cheap, it would be money to this day. It is probable that this circumſtance of the abundance and weight of the precious metals is what gives to many ſuch an inclination for paper money. This will appear ſtrange to ſome, yet I believe it is at bottom juſt. The cry with many is, we muſt have paper for a circulating medium, as there is ſuch a ſcarcity of gold and ſilver. Is this juſt? No. They miſtake their own poverty or the nation's poverty, for a ſcarcity of gold and ſilver, whereas in fact, gold and ſilver uſed as a circulating medium are ſo cheap, and the quantity of a moderate ſum is ſuch an incumbrance that we want paper, which can be much more eaſily carried, and much more effectually concealed. So that, contrary to the vulgur idea, we are obliged to have recourſe to paper in ſeveral caſes, not for want of gold and ſilver, but their too great abundance.

This will appear to be a very uncouth idea to many perſons. What, they will ſay, too great abundance of gold and ſilver! when I go about from day

day to day, and cannot collect what is due to me; when my creditors are calling upon me and I cannot ſatisfy them. There is a ſcarcity of money every where. What ſhall be ſaid to ſatisfy theſe perſons? I muſt tell them plainly, It is their poverty, or the nation's poverty, and not a want of gold and ſilver, and if there were an hundred times as much gold and ſilver in circulation as there is, their poverty and difficulties would be juſt the ſame. If theſe perſons read the ſcriptures, they may there learn, that in Solomon's time the ſilver was as plentiful *as ſtones in Jeruſalem;* probably they will think that all the people in Jeruſalem at that time muſt have lived like Princes, but they muſt be told, that it was added as a neceſſary conſequence, that *it was nothing accounted of in the days of Solomon.*

If paper then is not needed as a circulating medium, what benefit ariſes from it? I anſwer, the uſes of paper ſubſtituted for money may be ſummed up under the two following heads. (1.) It is uſeful for facilitating commerce. (2.) It is uſeful for anticipating property or extending credit. Firſt, it is uſeful for facilitating commmerce. Nothing can be more advantageous for that purpoſe than bills of exchange, which, without the actual tranſportation of money or goods, can transfer property even to the moſt diſtant places with the moſt perfect facility. There have been many perſons who have doubted whether any other ſort of paper currency is not upon the whole hurtful, but the benefit of this is beyond all

all queſtion. We ſhall afterwards compare the advantages and diſadvantages of paper money; but at preſent let us leave out the conſideration of the evil that it does, and it is manifeſt that there is ſo great a facility and ſafety in the tranſportation of paper above that of gold and ſilver, that it muſt greatly expedite all mercantile tranſactions, internal and external. Suppoſe one hundred thouſand pounds were to be tranſported but three hundred miles, if it were to be carried in ſilver, what an immenſe load would it be? But beſides the weight, as it could not be concealed, there would be a very great riſk of inviting robbers to ſhare in it. Let it be carefully obſerved, that this good effect of paper is not from the additional quantity thrown into circulation, but from its poſſeſſing ſome advantages ſuperior to gold and ſilver, provided that the credit of it is ſupported. Nor muſt it be forgotten, that it is in great and extenſive negotiations only, that this advantage is poſſeſſed by paper; for in ſmaller bargains and that intercourſe between man and man that is carried on every hour, it poſſeſſes no advantage at all; on the contrary, it is liable to wear and waſte, and therefore the ſmaller coins are in all reſpects to be preferred.

2. Another uſe of paper in commerce is to extend credit. Though in very large tranſactions the advantage of paper may be great, as it facilitates commerce; yet when we conſider paper as generally circulating,

culating, and doing the office of gold and ſilver, it is by the extenſion of credit only, or chiefly, that it can be of any advantage. It is unneceſſary for me, and perhaps not in my power, to mention all the ways in which credit may be increaſed or facilitated by paper. Some will probably be mentioned afterwards; at preſent my buſineſs is to ſhew, that giving credit is one of the advantages, and indeed in my opinion it is the principal advantage, to be derived from paper circulation of any kind. There are many people whoſe induſtry is damped or limited by want of ſtock or credit, who if they were properly aſſiſted in theſe reſpects, might do ſignal ſervice to themſelves, and the community of which they are members. It has been generally ſaid, and I believe with truth, that the inſtitution of the banks in Scotland has improved the country in the courſe of little more than half a century to a degree that is hardly credible. It is alſo probable, that the manufactures and commerce of England have been greatly promoted by the eaſy and regular methods of obtaining credit from the public and private banks. I am ſenſible that ſome very intelligent perſons in Britain have condemned the paper circulation even there, and affirmed that it does more harm than good. It is not neceſſary for me to enter into the arguments on either ſide of that queſtion. All that I am concerned to prove is, that if it does good upon the whole, or whatever good it does in any degree, ariſes from the credit which it

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ſis the occaſion of extending; and this I think can-hardly be denied *.

Let us next conſider the evil that is done by paper. This is what I would particularly requeſt the reader to attend to, as it was what this diſcourſe was chiefly intended to evince, and what the public ſeems but little aware of. The evil is this: All paper introduced into circulation, and obtaining credit as gold and ſilver, adds to the quantity of the medium, and thereby, as has been ſhown above, increaſes the price of induſtry and its fruits †. This conſequence is unavoidable, and follows as certainly from good paper as bad, or rather more certainly, for the medium is increaſed only by that which obtains credit. At the

* That I may ſtate the matter with fairneſs and fulneſs, I will juſt obſerve, that the enemies of paper ſay, the improvement was only coeval with the banks, but not cauſed by them in whole nor in any great degree. The banks happened to be nearly coeval with the revolution, and the union of England and Scotland; both which important events are ſuppoſed to have been cauſes of improvement to Scotland. However, the experience of the laſt thirty or forty years appears to be conſiderably in favour of banks and dealers in money and bills, which I conſider as eſſentially the ſame.

† This will perhaps be miſapprehended by ſome readers. They will ſay, a high price for our induſtry! This is juſt what we want, and what all deſire. But the price I mean here is not the price which you get for your induſtry, but that which you pay for it. A high price, by a great demand from foreign nations, is your profit; but the coſt which you pay for ſervants, tools, rent of land, &c. leſſens that profit, and it is this which is

the ſame time this conſequence is local, becauſe the paper does not paſs among other nations, and therefore it works againſt the intereſt of the people who uſe it, and neceſſarily draws off their gold and ſilver, which muſt be made uſe of in all foreign payments. Men may think what they pleaſe, but there is no contending with the nature of things. Experience has every where juſtified the remark, that wherever paper is introduced in large quantities, the gold and ſilver vaniſhes univerſally. The joint ſum of gold, ſilver, and paper, current, will exactly repreſent your whole commodities, and the prices will be accordingly. It is therefore as if you were to fill a veſſel brim full, making half the quantity water and the other oyl, the laſt being ſpecifically lighteſt will be at the top, and if you add more water, the oyl only will run over, and continue running till there is none left. How abſurd and contemptible then is the reaſoning which we have of late ſeen frequently in print, *viz.* the gold and ſilver is going away from us, therefore we muſt have paper to ſupply its place. If the gold and ſilver is indeed going away from us, that is to ſay, if the balance of trade is much againſt us, the paper medium has a direct tendency to increaſe the evil, and ſend it away by a quicker pace.

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is increaſed by increaſing the circulating medium, and not the other. Make as much money as you pleaſe, this will not make foreign nations call for any more of your grain, fiſh, lumber, tobacco, rice, &c. but it will juſt as certainly make them coſt you more before you can bring them to the market, as adding two to three will make five.

I HAVE ſaid, that this conſequence follows from all paper, as ſuch, good and bad, ſo far as it enters into circulation; but every one muſt perceive that there is a peculiar, and indeed a different evil to be feared from paper of a doubtful kind, and eſpecially from that which being doubtful is obliged to be ſupported by coercive laws. This muſt raiſe general ſuſpicion, and conſequently bring on a ſtagnation of commerce, from univerſal and mutual diſtruſt. For the ſame reaſon it muſt annihilate credit, and make every cautious perſon lock up his real money, that is, gold and ſilver, as he cannot tell but he may be cheated in the repayment. This evil is very extenſive indeed, for it makes people ſuſpicious, not only of what is, but what may be. Though the injury ſhould be but partial, or inconſiderable at preſent, it may become wholly ruinous by ſome unknown future law.

HENCE it may be ſeen, that the reſolution of the queſtion, whether it is proper to have paper money at all or not, depends entirely upon another, *viz.* whether the evil that is done by augmenting the circulating medium, is or is not overbalanced by the facility given to commerce, and the credit given to particular perſons, by which their induſtry and exertions are added to the common ſtock. As it is upon this that the queſtion depends, we ſhall find, that as the circumſtances of a nation may be different, it may be for or againſt its intereſt to uſe a paper medium. If any nation were in ſuch circumſtances

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as that credit were either not neceſſary or eaſily obtained; if the country were fully ſettled, and the inhabitants fully employed in agriculture, manufactures, and internal commerce, with little foreign trade, any addition to the true money would be unneceſſary or pernicious. This is probably the ſtate of China at preſent, perhaps in ſome degree alſo of France. On the contrary, if a nation had an extenſive and complicated commerce, and much land to ſettle and improve, the facilitating of commerce, and extending of credit, might be highly beneficial. I do not pretend to ſo exact a knowledge of the ſtate of this country, or the different parts of it, as to judge with abſolute certainty of what is neceſſary or would be uſeful to it, but am inclined to think that there muſt be ſomething in the ſtate of things in America that makes it either more neceſſary or more expedient to have paper here than in the European ſtates. We are aſſured that in former times many of the ſtates, then colonies, thought it a privilege to be allowed to ſtrike paper money; and we are told by perſons of good underſtanding, that it contributed to their growth and improvement. If this was the caſe, I am confident it was chiefly becauſe it was emitted in the way of a loan-office, and by giving credit to huſbandmen, accelerated the ſettlement and improvement of the ſoil. This queſtion I do not take upon me to decide, and therefore in what follows, deſire I may be conſidered as ſpeaking only hypothetically, the rather, that at preſent the inclination after paper

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of ſome kind or another ſeems to be ſo ſtrong, that it would be in vain to withſtand it.

If therefore paper is to be employed in circulation, we may ſee from what has been ſaid above, what are the principles on which it ought to be conducted, the ends that ought to be aimed at, and the evils that ought to be avoided. The ends to be aimed at are, the facilitating of commercial tranſactions, and extending of credit to thoſe who are likely to make a proper uſe of it. The plan ſhould be ſo conceived, as that the increaſe of the circulating medium ſhould be as little as poſſible, conſiſtently with theſe ends. It ſhould be perfectly ſecure, ſo as to create an abſolute confidence. And as it is of the nature of an obligation, no force whatever ſhould be uſed, but the reception of it left entirely to the inclination and intereſt of the receiver. It may be ſafely affirmed, that any deviation from theſe principles, which are deduced from the theory above laid down, will be an eſſential defect in the ſyſtem. If we enquire what ſort of paper will beſt anſwer this deſcription, we find that there is no other ſort uſed in Europe than that of banking companies. The government ſtamping paper to paſs current for coin is unknown there. Notwithſtanding the immenſe ſums which have been borrowed by the Engliſh government, they always prefer paying intereſt for them, to iſſuing paper without value for money. The only thing reſembling it in the Engliſh hiſtory is, James the Second coining baſe metal, and affixing a price to it by proclamation;

tion; a project contemptible in the contrivance, and abortive in the execution. This ſeems to be a conſiderable preſumption, that the meaſure is upon the whole not elegible *.

The paper of banking companies has many advantages. It is conſidered as perfectly ſafe, becauſe it can be exchanged for gold and ſilver at any time upon demand. Having this ſecurity at bottom, it is perfectly convenient for tranſportation, which indeed is common to it with all paper. In addition to this, it is conſidered as the the principal buſineſs of all banks to give credit, which, though directly only in favour of commercial, is ultimately uſeful to many different claſſes of men. I may upon this obſerve, that it is the duty of banking companies ſo to conduct their operations as to extend their regular credit as far as is ſafe for themſelves. If inſtead of this, as has been ſuppoſed at leaſt to have been done by ſome banks in Britain, they circulate their notes by agents, making purchaſes in different and diſtant places, that the ſum iſſued may very far exceed the ſum neceſſary to be kept for probable demands; they are in that caſe not ſerving the public at all, but uſing the money

* It ſeems to me, that thoſe who cry out for emitting paper money by the legiſlatures, ſhould take ſome pains to ſtate clearly the difference between this and the European countries, and point out the reaſons why it would be ſerviceable here and hurtful there; or elſe inſiſt that it would be a wiſe meaſure every where, and recommend the uſe of it to the ſtates of England, France, Holland, &c. who will be much indebted to them for the diſcovery.

ney of other people to their own profit. It is alſo to be obſerved, that the denomination of their notes ſhould never be very ſmall, it ſhould indeed be as high as is conſiſtent with ſuch a general uſe as will bring in a ſufficient profit. Very ſmall denominations of paper do the greateſt injury by entering into univerſal circulation, and chiefly affecting the induſtrious part of the community. It was a very great complaint againſt ſome banks in Scotland, that they brought down the denominations of their notes as far as ten ſhillings, and ſome of them even five ſhillings. If this was an evil, what ſhall we ſay of paper, as has been ſeen in this country, as low as one ſhilling, ſix-pence, or even three-pence value. It is a rule that will hardly admit of any exception, that the higher the denominations of paper bills, the greater the benefit and the leſs the evil; and on the contrary, the ſmaller the denominations, the greater the evil and the leſs the benefit. High ſums in paper obligations may perhaps change hands once a week, but a ſhilling or ſix-penny ticket may be in fifty hands in one day.

I MUST mention here what has been often objected againſt banks in America, which, if juſt, would, from the reaſoning in the preceding part of this diſcourſe, tend to their condemnation. It is, that they have deſtroyed credit inſtead of extending it, and have introduced or given occaſion to exceſſive uſury. I am not ſufficiently informed to ſay how far this is really the caſe, but cannot help obſerving, that treat-

ing the matter theoretically, as I have all along done, and conſidering the nature of the thing, this does not appear to be a neceſſary conſequence. One would rather think that the regular credit which is or ought to be given by banks ſhould prevent uſury, by ſupplying all thoſe who deſerve to be truſted. Agreeably to this it was found in fact, that the inſtitution of banks in Scotland lowered the intereſt of money, which indeed ſeems to be the natural effect of every ſuch inſtitution, from the increaſed circulation. But if any inſtances more than before have happened of this kind, it may be by perſons in extreme neceſſity applying to others who have credit with the bank, and who have ſo little conſcientious ſcruple as to take advantage of their neighbour's poverty. If this is the caſe, it is only a particular abuſe, or occaſional bad conſequence of a thing otherwiſe good and uſeful. It is not a juſt objection againſt any thing, that it may be or has been in ſome inſtances abuſed. Beſides, as it is the duty of every banking company to guard againſt this evil as much as poſſible, even by perſonal reſentment, againſt thoſe who make this uſe of their confidence, ſo it is an evil not out of the reach of legal puniſhment or general infamy. Wiſe and well executed laws againſt uſury, would at leaſt ſo far reſtrain it, as to make it an evil of little conſequence.

But in examining the nature and operation of different kinds of paper, I muſt conſider an objection of much greater importance, upon the principles of this

this diſcourſe, againſt the paper of banks, or at leaſt, a defect in their ſyſtem, that ſeems to call for other meaſures in addition to it. This is, that banking companies give credit only ſo as to be ſerviceable to merchants, and thoſe immediately connected with them, but do not extend it to huſbandmen, or thoſe who improve the ſoil, by taking mortgages for a conſiderable time; yet according to the theory above laid down, this is not only one of the advantages, but perhaps the chief advantage to be derived from a paper circulation of any kind. Now, I admit, that the ſettlement and cultivation of the ſoil is the radical ſource of the proſperity of this country. It is indeed the ſource of the proſperity of every country, but comparatively more ſo of that of this country than moſt others. I alſo admit that credit, properly extended, to induſtrious perſons in this way would be exceedingly beneficial. For this reaſon, and for this alone, Dr. Franklin and others perhaps judged right when they ſaid, the country received great benefit from the loan-office paper of former times. I am alſo ſenſible, that it is not practicable nor proper for banking companies to give credit upon mortgages on diſtant lands. They being bound to prompt payment, muſt expect the ſame; therefore they are not to be blamed for refuſing it in this form *. For all theſe

* I muſt here obſerve, that the banks of Scotland never gave credit upon mortgages, but perſonal ſecurity only, and yet they were univerſally ſuppoſed to put it in the power of landed

theſe reaſons, I do not take upon me wholly to condemn a meaſure in America, which would be unneceſſary or improper in Europe. We hear from every quarter, that is to ſay, from almoſt every ſtate, a loud cry for paper money. Now, when there is a great and univerſal complaint, it is ſeldom without ſome foundation; and though I have taken much pains in the preceding diſcourſe to ſhow that they miſtake their own wants, that they do not want a circulating medium, but uſe that phraſe without underſtanding its meaning; yet they certainly do want ſomething. They want particularly *credit;* and they look back with deſire to the former times when they had paper money, which, by its name itſelf, pointed out its nature and uſe, the notes being then called bills of credit. I will therefore proceed keeping a ſteady eye upon the principles above laid down, to ſtate in what manner a loan-office may be eſtabliſhed * within moderate bounds, that ſhall render a ſervice

landed men to improve their eſtates; ſo that the money tranſactions muſt have been, though not directly, yet remotely, in their favour.

* I am not ignorant that there has been in one of our ſtates, I mean Pennſylvania, a violent controverſy for and againſt the bank, between the political factions which divide that ſtate. On this account, I am ſorry I was obliged to mention banks at all; but it was impoſſible for me to do juſtice to the ſubject, without conſidering their general nature and effects; and I will not ſo much as name any of the arguments on either ſide of this queſtion, but what is neceſſarily connected with money in general as a currency, and its effects upon the national intereſt.

ſervice probably greater than the evils neceſſarily conſequent upon it.

I WOULD therefore propoſe, that any ſtate that thinks it neceſſary, ſhould emit a ſum of ſuppoſe one hundred thouſand pounds, and that the following rules ſhould be laid down in the law, and invariably adhered to. (1.) That not a ſhilling of that money ſhould iſſue from the loan-office treaſury, but upon mortgage of land to the amount of double the ſum in value. (2.) That it ſhould not be a legal tender for any debts contracted or to be contracted, but receivable in all taxes within the ſtate, and payable for the wages of Council and Aſſembly, and the fees and perquiſites of all public officers, after it has been ſo received. (3.) That at the end of twelve calender months, a ſum preciſely equal to the intereſt that had accrued or become due in that time, ſhould be conſumed by fire, and public intimation given of its being done. The ſame thing ſhould be done every ſubſequent year. (4) That at no time any part of this money ſhould be made uſe of in the payment of the public debts, but that which had been firſt levied in taxes. It would not be proper even to borrow from the ſtock for this purpoſe by anticipation. *

IF

* The paying of the public creditors is one of the moſt common and popular arguments for paper emiſſions, but to pay them with money not loaned, is not paying, but continuing the debt upon the ſtate, and only making it change hands.

All

If theſe rules were obſerved, credit would be given to ſome perſons, who needed and deſerved it, to the amount of the whole ſum. The bills current would be diminiſhed in quantity every year ſo as not to load the circulation, which would have a ſenſible effect upon the public opinion, and indeed, from the nature of the thing, would increaſe their value, or rather confirm it from year to year *. At the end of fourteen or fifteen years they would be wholly taken out of circulation, and that not by any tax laid on for the purpoſe, but by the hire or uſe of the money itſelf, and after all, the principal ſum would be ſtill due to the ſtate in good money, which might bear intereſt for ever. It would be an important addition to this ſcheme, if no bills leſs than two dollars, or perhaps three, or five, ſhould be emitted, as this would ſtill keep ſilver at leaſt in circulation. On the above principles, all the good that can be produced by paper

All ſuch bills ſo paid muſt be accounted for by the public. It is better, therefore, that by the loans men may be enabled eaſily to pay their taxes; and then let the public creditors be paid by money demanded equally from the whole for that purpoſe.

* I cannot help obſerving here, that the titles of moſt of the acts for emitting money, do unawares confeſs the juſtice of all that has been ſaid above; they run thus, "An act for emitting ——— thouſand pounds in bills of credit, and directing the manner of *ſinking the ſame.*" Does not this ſhew what ſort of a circulating medium they are? Does it not admit, that they will do evil if they continue to circulate? When you coin gold and ſilver, do you provide for ſinking it?

per would be effected, *viz.* facilitating commerce, and giving credit; and as little of the evil as poſſible, becauſe the quantity would be fixed and moderate at firſt, and continually decreaſing, ſo as at laſt to vaniſh altogether; and then another emiſſion of the ſame kind might be made, if the utility of the firſt ſhould recommend it.

PERHAPS it will be ſaid, that this money not being a legal tender, would not anſwer the purpoſe of borrowers by paying their debts, nor get at all into circulation. To this I anſwer, that it would not anſwer the purpoſe of thoſe who want to pay their debts with half nothing, and cheat their creditors; nor do I wiſh to ſee any thing attempted that would produce that effect. But I affirm, that it would get better into circulation than by a tender law, which creates general and juſt ſuſpicion. Tender laws, as has been already proved, may be made uſe of by deceitful perſons to do particular acts of injuſtice, but are not ſufficient to procure general circulation, nor to excite and reward induſtry, without the opinion and approbation of the public. Such money as I have deſcribed would excite no alarm, it might eaſily be tried. It would, in my opinion, certainly be tried, for all would know that it would pay every tax to government, and even borrowers of large ſums might make trial of it, without any riſk at all, becauſe, if it would not anſwer their end, they might, after a few months, repay it, and take up their mortgage. But I cannot help thinking that the principles of it

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are ſo juſt, and the plan ſo certain, that all underſtanding perſons would perceive and approve it.

I MUST here take the occaſion and the liberty of ſaying, that it were greatly to be wiſhed that thoſe who have in their hands the adminiſtration of affairs in the ſeveral ſtates of America, would take no meaſures, either on this, or any other ſubject, but what are founded upon juſtice, ſupported by reaſon, and warranted to be ſafe by the experience of former ages, and of other countries. The operation of political cauſes is as uniform and certain as that of natural cauſes. And any meaſure which in itſelf has a bad tendency, though its effects may not be inſtantly diſcernable, and their progreſs may be but ſlow, yet it will be infallible; and perhaps the danger will then only appear when a remedy is impoſſible. This is the caſe, in ſome degree, with all political meaſures, without exception, yet I am miſtaken if it is not eminently ſo with reſpect to commercial dealings. Commerce is excited, directed, and carried on by intereſt. But do not miſtake this, it is not carried on by general univerſal intereſt, nor even by well informed national intereſt, but by immediate, apparent, and ſenſible perſonal intereſt. I muſt alſo obſerve, that there is in mankind a ſharp-ſightedneſs upon this ſubject that is quite aſtoniſhing. All men are not philoſophers, but they are generally good judges of their own profit in what is immediately before them, and will uniformly adhere to it. It is not uncommon to ſee a man who appears to be almoſt as

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ſtupid as a ſtone, and yet he ſhall be as adroit and dextrous in making a bargain, or even more ſo, than a man of the firſt rate underſtanding, who, probably for that very reaſon, is leſs attentive to trifling circumſtances, and leſs under the government of mean and ſelfiſh views. As to currency, which has been our general ſubject, if coins of any particular ſpecies happen, as is ſometimes the caſe, to paſs at a rate, ever ſo little higher, in one country, or corner of a country than another, thither they will immediately direct their courſe; and if the matter is not attended to, nor the miſtake rectified, they will be all there in a very ſhort time, and the place which receives them muſt bear the loſs.

I WILL now ſum up, in ſingle propoſitions, the ſubſtance of what has been aſſerted, and I hope ſufficiently proved, in the preceding diſcourſe.

(1.) IT ought not to be imputed to accident or caprice, that gold, ſilver, and copper, formerly were, and the two firſt continue to be, the medium of commerce; but to their inherent value, joined with other properties, thar fit them for circulation. Therefore, all the ſpeculations, formed upon a contrary ſuppoſition, are inconcluſive and abſurd.

(2.) GOLD and ſilver are far from being in too ſmall quantity at preſent for the purpoſe of a circulating medium, in the commercial nations. The laſt of them, *viz.* ſilver, ſeems rather to be in too great quantity, ſo as to become inconvenient for tranſportation.

(3.) The people of every nation will get the quantity of theſe precious metals, that they are entitled to by their induſtry, and no more. If by any accident, as plunder in war, or borrowing from other nations, or even finding it in mines, they get more, they will not be able to keep it. It will, in a ſhort time, find its level. Laws againſt exporting the coin will not prevent this. Laws of this kind, though they are ſtill in force in ſome nations, ſuppoſed to be wiſe, yet are in themſelves ridiculous. If you import more than you export, you muſt pay the balance, or give up the trade.

(4.) The quantity of gold and ſilver at any time in a nation, is no evidence of national wealth, unleſs you take into conſideration the way in which it came there, and the probability of its continuing.

(5.) No paper of any kind is, properly ſpeaking, money. It ought never to be made a legal tender. It *ought* not to be forced upon *any* body, becauſe it *cannot* be forced upon *every* body.

(6.) Gold and ſilver, fairly acquired, and likely to continue, are real national, as well as perſonal wealth. If twice as much paper circulates with them, though in full credit, particular perſons may be rich by poſſeſſing it, but the nation in general is not.

(7.) The cry of the ſcarcity of money, is generally putting the effect for the cauſe. No buſineſs can be done, ſay ſome, becauſe money is ſcarce. It may be ſaid with more truth, money is ſcarce, becauſe little buſineſs is done. Yet their influence, like

like that of many other cauſes, and effects, is reciprocal.

(8.) The quantity of current money, of whatever kind, will have an effect in raiſing the price of induſtry, and bringing goods dearer to market, therefore the increaſe of the currency in any nation, by paper, which will not paſs among other nations, makes the firſt coſt of every thing they do greater, and of conſequence, the profit leſs.

(9.) It is however poſſible, that paper obligations may ſo far facilitate commerce, and extend credit, as by the additional induſtry, that they excite, to overbalance the injury which they do in other reſpects. Yet even the good itſelf may be overdone. Too much money may be emitted even upon loan, but to emit money any other way, then upon loan, is to do all evil, and no good.

(10.) The exceſſive quantity of paper emitted by the different ſtates of America, will probably be a loſs to the whole. They cannot however take advantage of one another in that way. That ſtate which emits moſt will loſe moſt, and *vice verſa*.

(11.) I can ſee no way in which it can do good but one, which is, to deter other nations from truſting us, and thereby leſſen our importations; and I ſincerely wiſh, that in that way, it may prove in ſome degree a remedy for its own evils.

(12.) Thoſe who refuſe doubtful paper, and thereby diſgrace it, or prevent its circulation, are not enemies, but friends to their country.

To

To draw to a concluſion, it is probable that thoſe who perceive, which it will be eaſy to do, that the author of this tract is not a merchant or trader by profeſſion, will be ready to ſay, what has this gentleman to do with ſuch a ſubject? Why ſhould he write upon what he has no practical knowledge of, money and commerce? To theſe I anſwer, that I have written, not as a merchant, but as a ſcholar. I profeſs to derive my opinions from the beſt civilians of this and the laſt age, and from the hiſtory of all ages, joined with a pretty conſiderable experience and attention to the effects of political cauſes, within the ſphere of my own obſervation. It is not even too much to ſay, that one of the mercantile profeſſion, unleſs his views were very enlarged indeed, is is not ſo proper to handle a general ſubject of this kind as ſome others. His attention is uſually confined to the buſineſs, and to the branch of that buſineſs in which he is employed. In that his diſcernment will be clear, and he will find out, if poſſible, where he can buy cheapeſt and ſell deareſt. But as to the theory of commerce, or the great objects of national intereſt or connexion, he can have no advantage at all over a perſon given to ſtudy and reflexion, who has ſome acquaintance with public life. With theſe remarks, by way of apology, and having no intereſt in the matter but what is common to every citizen, I freely commit the whole to the judgment of the impartial public.

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